

**ELEMENT 79 CAPITAL INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the nine months ended September 30, 2017**

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This Management's Discussion and Analysis ("MD&A") for Element 79 Capital Inc. (the "**Company**") should be read in conjunction with the financial statements for the nine month period ended September 30, 2017 and the notes thereto.

The financial information in this MD&A is derived from the Company's financial statements for the nine month period ended September 30, 2017 prepared in accordance with IFRS (International Financial Reporting Standards). The effective date of this MD&A is September 30, 2017.

### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the information contained in this document may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding the Company's future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing, including those concerning the Qualifying Transaction. In this document, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the headings "Financial Instruments and Risk Management" and "Inherent Risk Factors" in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

### **BUSINESS OVERVIEW**

The Company, incorporated under the Canada Business Corporations Act on February 6, 2013, is classified as a Capital Pool Company, as defined by TSX Venture Exchange ("TSX-V") Policy 2.4.

The address of the Company's registered and head office is 1000 Sherbrooke St. West, Suite 2700, Montreal, Quebec, Canada.

The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in such assets or business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On November 14, 2013, the Company completed its initial public offering by issuing 2,012,066 common shares at \$0.15 per share for gross proceeds of \$301,810 and began trading on the TSX-V under the stock symbol "EMS.P".

On December 9, 2016, because of the Company's inability to secure a qualifying transaction, involving the Abernethy Gold Project with Benton Resources Inc., within the time period prescribed by the TSX Venture

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Exchange ("the Exchange"), the Company was approved to transfer to the NEX Board on the Exchange under the symbol "EMS.H".

On August 16, 2017, the Company announced that it has signed a non-binding letter of intent (the "LOI") with Mondias Natural Products Inc. ("Mondias"), a corporation existing under the laws of Canada, which outlines the general terms and conditions pursuant to which the Company and Mondias would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Mondias (the "Transaction"). The Company intends for the Transaction to constitute its "Qualifying Transaction", as such term is defined in the policies of the TSX Venture Exchange (the "TSXV"). The LOI was negotiated at arm's length and is effective as of July 6, 2017.

Prior to completion of the Transaction, the Company intends to consolidate (the "Consolidation") its common shares (each, an "Element 79 Share") on a 1 for 1.5 basis, and close a non-brokered private placement (the "Concurrent Financing") of a minimum of 12,000,000 post-Consolidation Element 79 Shares at a price per share of \$0.105, for minimum gross proceeds of \$1,260,000. Element 79 may pay a cash commission of 7% of the gross proceeds of the offering and may issue an aggregate of 1,500,000 post-consolidation Element 79 Shares as a finder fee as consideration for the finders introducing the Company to Mondias.

Pursuant to the Transaction, an aggregate of 35,000,000 post-consolidation Element 79 Shares, at a deemed value of \$0.105 per Element 79 Share, will be issued to the Mondias Shareholders in exchange for all of the Mondias Shares issued and outstanding as at the effective date of the Transaction.

Mondias is a company specialized in the development and commercialization of evidence-based botanical products for the health care and agriculture markets. Mondias is developing both oral and topical botanical drug agents to help manage unmet medical needs, such as fungal infections of nails and skin, insomnia, and products that provide a safe and effective alternative to synthetic drugs for the management of conditions such as acne and wound healing. Upon completion of the Transaction, the Company will carry on the business of Mondias.

## **GOING CONCERN DISCLOSURE**

The Company's ability to continue as a going concern is dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

At September 30, 2017, the Company had no source of operating revenues, had accumulated a deficit of \$761,098 (\$722,755 as at September 30, 2016) since inception and has no assurance that it will be able to identify or complete a Qualifying Transaction, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its

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ability to continue raising equity financing, to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a Qualifying Transaction.

## **INITIAL PUBLIC OFFERING**

The Company filed a prospectus dated August 15, 2013 with the TSXV and applicable provincial securities regulators relating to its initial public offering (the “**Offering**”) of a minimum of 2,000,000 common shares and a maximum of 3,000,000 common shares at a price of \$0.15 per share, which offering was intended to qualify the Company as a “capital pool company” under the CPC Policy. Jones Gable & Company Limited (the “**Agent**”) acted as the agent for the Offering.

On November 14, 2013, the Company successfully completed its Offering by issuing a total 2,012,066 common shares in the capital of the Company at a price of \$0.15 per share for gross proceeds of \$301,810 (the “**Proceeds**”). The Company paid the Agent a cash commission of \$30,181 (equal to 10% of the Proceeds), a corporate finance fee of \$17,246 and granted the Agent and its sub-agents non-transferable agents’ options (the “**Agents’ Options**”) to purchase an aggregate of 201,207 common shares of the Company at a price of \$0.15 per share. The Agent’s Options are exercisable for a period of 24 months from November 20, 2013 (the date the Company’s common shares were listed on the TSXV). The estimated fair value of the Agents’ Options (non-cash compensation) of \$15,875 was calculated using the Black-Scholes option pricing method. The Company also incurred a total of \$89,117 for legal, filing and other fees. All of the compensation and other costs described above are included as share issue costs.

The Company also granted to its directors and officers incentive stock options to acquire an aggregate of 601,206 common shares at a price of \$0.15 per share, exercisable for a period of ten years from the date the closing of the Offering.

The Company applied the net proceeds of its Offering to identify and evaluate potential Qualifying Transactions in accordance with the policies of the TSXV.

The Company’s common shares were listed for trading as a Tier 2 issuer on the TSXV under the symbol “EMS.P” on November 20, 2013.

On December 9, 2016, because of the Company’s inability to secure a qualifying transaction involving the Abernethy Gold Project with Benton Resources Inc. within the time period prescribed by the TSX Venture Exchange (“the Exchange”), the Company was approved to transfer to the NEX Board on the Exchange under the symbol “EMS.H”. (see section Qualifying Transactions).

## **OVERALL PERFORMANCE**

The following discussion of the Company’s financial performance is based on the nine months ended September 30, 2017 financial statements.

The Company is classified as a Capital Pool Company, as defined by TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business

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and, once identified or evaluated, to negotiate an acquisition or participation in such assets or business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The Company was not able to complete its proposed Qualifying Transaction with Benton Resources in 2016 with the effect of the shares of the Company being transferred to the NEX on December 9, 2016. The transfer also had an effect of canceling 50% of the seed shares, reducing the seed shares outstanding from 4,000,000 to 2,000,000 shares. On December 30, 2016, the Company announced that it issued 4,960,00 shares in a non-brokered private placement raising of \$248,000.

On Feb. 1, 2017 Element 79 announced that it closed the second tranche of a non-brokered private placement by issuing 3,040,000 common shares, at a price of \$0.05 per share, for gross proceeds to the Company of \$152,000. No warrants were issued. In connection with the closing of the Offering, the Company paid a cash finder's fee of \$2,000 to an arm's length registered dealer. No Broker warrants were issued.

As of September 30, 2017, the Company had cash and cash equivalents of \$207,950(\$0 as at September 30, 2016), prepaid expenses of \$nil (\$22,995 as at September 30, 2016) and total assets of \$212,293 (\$22,995 as at September 30, 2016) the increase is attributable mainly to the financings that occurred.

During the nine month period ended September 30, 2017, the Company reported a net loss of \$54,773 (\$58,418 for the nine month period ended September 30, 2016). The net loss is consistent with the current operations of the Company, namely that it continues to incur professional fees, travel and promotion and public company expenses in connection with its proposed Qualifying Transaction.

On the effective day of this MD&A, November 29, 2017, there were a total of 12,012,066 common shares issued and outstanding.

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**RESULTS OF OPERATIONS**

For the nine months ended September 30, 2017, the Company reported a net loss of \$54,773. Operating expenses included, professional fees of \$29,079, consulting Fees of \$10,000, and public company expenses of \$2,706.

**SELECTED QUARTERLY RESULTS**

Selected quarterly information for the most recently completed quarters is presented below in Canadian Currency (\$):

Quarter Ended	Revenues	Net loss & Comprehensive Loss (Gain) for the period	Net loss per share (Basic & Diluted)	Basic & Diluted
	\$	\$	\$	
Sep. 30, 2017	-	8,061	0.0007	12,012,066
Jun. 30, 2017	-	18,706	0.0016	12,012,066
Mar. 31, 2017	-	28,006	0.0025	10,998,743
Dec. 31, 2016	-	-16,429	-0.0046	3,583,055
Sep. 30, 2016	-	20,253	0.0101	2,012,066
Jun. 30, 2016	-	8,457	0.0042	2,012,066
Mar. 31, 2016	-	29,708	0.0148	2,012,066
Dec. 31, 2015	-	176,687	0.0878	2,012,066

The Company has no revenues from operations. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in such assets or business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The net losses recorded quarter over quarter, are consistent with the Company's efforts to maintain its listing and secure a Qualifying Transaction for the company.

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**LIQUIDITY AND CAPITAL RESOURCES**

The Company currently has no operating revenues and relies primarily on equity financing. As at September 30, 2017, the Company had assets of \$212,561 (\$22,995 as at September 30, 2016) and a working capital of \$185,330 (\$ -176,327 as at September 30, 2016). The increase in working capital results from a non-brokered private placement financing of \$248,00 in the fourth quarter of 2016 and Q1 2017 finance raise of \$152,000.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at September 30, 2017, the Company did not have any commitments for capital expenditures, and it does not anticipate any such commitments until the Company consummates a Qualifying Transaction.

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. The Company has no outstanding debt facility upon which to draw.

The Company is not exposed to any other externally imposed capital requirements.

**OFF BALANCE SHEET TRANSACTIONS**

The Company did not have any off-balance sheet transactions as at September 30, 2017.

**RELATED PARTY TRANSACTIONS**

Upon inception, the Company issued 1,493,334 common shares at \$0.075 per share for total proceeds of \$112,000 to the following related parties:

- 1,253,334 common shares to a company controlled by a director and officer of the Company;
- 80,000 common shares to each of the two other directors and to the Chief Financial Officer of the Company.

These transactions are measured at the exchange amount, which is the amount of consideration determined and agreed to by the related parties.

**OUTSTANDING SHARE DATA**

On December 9, 2016, as a result of the Company's inability to secure a Qualifying Transaction involving the Abernethy Gold Project with Benton Resources Inc. within the time period prescribed by the TSX Venture Exchange ("the Exchange"), the Company was accepted to transfer to the NEX Board on the Exchange. As required under Exchange Policy 2.4 an aggregate of 2,000,000 common shares of the Company subject to escrow and held by the company officers, directors and 10% shareholders have been canceled and returned to treasury

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On December 30, 2016, the TSX Venture Exchange approved and the Company closed the first tranche of non-brokered private placement. The Company issued 4,960,000 common shares at \$0.05 per share. There are 14 places approved for this placement. There are no warrants attached to this share issuance. The shares are subject to a four-month escrow. The total proceeds of the placement were \$248,000.

On Feb. 1, 2017 Element 79 announced that it closed the second tranche of a non-brokered private placement by issuing 3,040,000 common shares, at a price of \$0.05 per share, for gross proceeds to the Company of \$152,000. No warrants were issued. In connection with the closing of the Offering, the Company paid a cash finder's fee of \$2,000 to an arm's length registered dealer. No Broker warrants were issued.

The following information sets out the outstanding share data of the Company as of September 30, 2017:

	Number of Shares	\$
On May 17, 2013, the Company issued 4,000,000 common shares to directors, officers and founding shareholders of the Company at a price of \$0.075 per share for total proceeds of \$300,000. These shares are subject to escrow conditions and will be released in stages upon completion of the Company's Qualifying Transaction.	4,000,000	\$ 300,000
On November 14, 2013, the Company completed its initial public offering ("IPO") and issued 2,012,066 common shares at a price of \$0.15 per share for gross proceeds of \$301,810 less fees.	2,012,066	\$ 149,390
Founders' Share cancellation	(2,000,000)	-
Non-brokered private placement(Dec.30, 2016)	4,960,000	\$ 248,000
Non-brokered private placement(Feb. 1, 2017)	3,040,000	\$ 152,000
<b>Balance – September 30, 2017</b>	<b>12,012,066</b>	<b>\$ 849,390</b>

As at September 30, 2017, a total of 2,000,000 of the issued and outstanding shares remain subject to escrow conditions. As at September 30, 2017, there were a total of 12,012,066 common shares issued and outstanding.

**STOCK OPTIONS**

As at September 30, 2017, stock options issued and outstanding are as follows:

Options granted and exercisable	Weighted Average Exercise Price (\$)	Expiry
601,206	0.15	November 14, 2023

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On November 14, 2013, the Company established an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares. These options may vest over a period determined by the Board of Directors when granted and expire after a period of up to ten years, provided that the number of common shares reserved for issuance under the Stock Option Plan does not exceed 601,206 shares. The Board of Directors determines the price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

The Company accounts for options granted using the fair value method.

During the nine month period ended September 30, 2017, there were no options granted to directors and officers.

During the nine month period ended September 30, 2017, there were no options granted to consultants of the Company.

#### **TERMINATION OF TRANSACTION WITH CANADIAN GOLD**

As previously disclosed in its news releases dated December 31, 2013 and July 25, 2014, the Company had entered into a non-binding letter of intent with Canadian Gold Resources Ltd., a corporation existing under the laws of Canada ("**Canadian Gold**"), which outlined the general terms and conditions pursuant to which the Company and Canadian Gold would be willing to complete a transaction that would result in a reverse take-over of the Company by the shareholders of Canadian Gold (the "**Canadian Gold Transaction**"). The Canadian Gold Transaction remained subject to, among other conditions, completion of due diligence investigations to the satisfaction of each of the Company and Canadian Gold and receipt of requisite regulatory approval, including the approval of the TSXV.

Subject to TSXV approval, the Company has also agreed to provide to Canadian Gold a secured loan in the principal amount of \$175,000. The loan was secured by a general security over the assets of Canadian Gold, Ontop Capital Limited, its parent, and Canadian Gold's wholly-owned subsidiary, Minera Bestep S.A. de C.V. ("**Minera**").

Due to the delay expected to be necessary to resolve certain title registration issues with the Mexican General Bureau of Mining involving Canadian Gold's material mining property, the Company decided not to proceed with the Canadian Gold Transaction. The loan to Canadian Gold was not fully recoverable and the debt was settled for \$50,000 in 2016.

#### **TERMINATION OF TRANSACTION WITH BENTON RESOURCES INC.**

On February 23, 2015, the Company signed a letter of intent (the "**LOI**") with Benton Resources Inc. ("**Benton**") to acquire a right to earn a 100% interest in Benton's right, title, and interest in and to the nine

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contiguous, non-surveyed, unpatented mining claims totaling 67 units comprising Benton's Abernethy gold project (the "**Property**") situated approximately 10 km WSW of Kenora, Ontario (the "**Transaction**"). The LOI was negotiated at arm's length and the Company intends the Transaction to constitute its Qualifying Transaction under the policies of the TSXV.

On December 9, 2016, because of the Company's inability to secure a qualifying transaction within the time period prescribed by the TSX Venture Exchange ("the Exchange"), the Company was approved to transfer to the NEX Board on the Exchange under the symbol "EMS.H".

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### *Fair Value*

The carrying values of cash and cash equivalents, short-term investment, sales taxes refundable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The determination of the fair value of cash and cash equivalents was calculated using level 1 of the fair value hierarchy.

### *Credit Risk*

The Company is exposed to credit risk through its cash and cash equivalents and its loans receivable described in notes 5 and 6 respectively. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

Cash and cash equivalents are maintained with a high-quality financial institution. As the Company's cash is held by a single Canadian bank, there is a concentration of credit risk. The carrying amount of cash and cash equivalents and short-term investment represents the Company's maximum credit exposure.

### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages its short-term investments based on its cash flow needs. A change in the interest rates of 1% will not have a significant impact on the operations and cash flows of the Company.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by continuously forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board

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of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

**CHANGE IN ACCOUNTING POLICIES**

There are no changes in accounting policies adopted by the Company during the period ended September 30, 2017.

*Future accounting changes*

*New standard IFRS 9 "Financial Instruments"*

In November 2009, the IASB issued IFRS 9 "Financial Instruments: classification and evaluation", which represents a new standard for the classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two categories of evaluation: amortized cost and fair value. Debt instruments are valued at amortized cost only if the entity has the objective to collect the contractual cash flows and the cash flows represent principal and interest. Otherwise, they are measured at fair value through profit and loss.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would be generally recorded in other comprehensive income.

This new standard applies to fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Company is currently evaluating any impact that this new standard may have on the Company's financial statements.

*IFRS 15 "Revenue from Contracts with Customers"*

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

*IFRS 16 "Leases"*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those

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transactions. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement.

### **INHERENT RISK FACTORS**

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company. The Company's operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair our business operations. The Company's financial performance is likely to be subject to the following risks:

- (a) the Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- (b) investment in the common shares is highly speculative given the proposed nature of the Company's business and its present stage of development;
- (c) the directors and officers of the Company will devote only a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) there can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell its common shares;
- (e) until Completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (f) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- (g) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- (h) completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the TSXV and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval ("**Majority of the Minority Approval**" means the approval of a Non Arm's Length Qualifying Transaction by the majority of the votes cast by shareholders, other than: (i) Non Arm's Length Parties to the Company; (ii) Non Arm's Length Parties to the Qualifying Transaction; and (iii) in the case of a Related Party Transaction: (a) if the Company holds its own shares, the Company, and (b) a person acting jointly or in concert with a person referred to in paragraph (i) or (ii) in respect of the transaction, at a properly constituted meeting of the common shareholders of the Company);

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- (i) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of the fair value for the shareholder's common shares;
- (j) upon public announcement of a proposed Qualifying Transaction, trading in the common shares will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The common shares will be reinstated to trading before the TSXV has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;
- (k) trading in the Common Shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the TSXV in the time periods required;
- (l) there can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations which have often been unrelated to the operating performance of particular companies;
- (m) the TSXV will generally suspend trading in the Company's Common Shares or delist the Company in the event that the TSXV has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the TSXV nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that management of the Company resides outside of Canada or the Company identifies a foreign business or assets as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Company may acquire a business, properties or assets in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business;
- (q) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;

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- (r) subject to prior TSXV acceptance, the Company may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover that loan. In this regard, the Company has advanced an aggregate of \$175,000 to Canadian Gold as a secured loan which was impaired and written off. Subsequently, only \$50,000 of the loan was recovered;
- (s) the Company will compete with many capital pool companies that have substantially greater financial and technical resources than the Company as well as for the recruitment and retention of qualified personnel; and
- (t) the Company's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

**SUBSEQUENT EVENTS**

There were no subsequent events to disclose after September 30, 2017.

**ADDITIONAL INFORMATION**

Additional information relating to the Company, including the most recent Company filings, is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).